

Response to Retirement Work Group Questions

Request By: James Krause

Question: What percentage of an employee’s salary does the County contribute for employees into all retirement benefits including social security, for the three plans?

Response: The table below provides a comparison of total FY 2018 employer contributions to the retirement systems and Social Security. As Fairfax County police officers are not covered under Social Security based on their employment as police officers, the County does not pay the employer half of Social Security taxes on their salaries. In the table, total employer cost is separated between the cost of service credits currently being accrued and the amortization of the unfunded liability of the retirement systems in order to distinguish between ongoing costs and costs that will no longer be incurred when the systems achieve fully-funded status.

Employer Costs of Retirement and Social Security as a Percentage of Pay

	Employees’	Uniformed	Police Officers
Employer Costs for Current Service:			
Retirement:			
<i>Employer Normal Cost</i>	8.74%	16.97%	18.46%
<i>Administrative Expenses</i>	0.25%	0.25%	0.40%
Subtotal - Retirement	8.99%	17.22%	18.86%
Social Security Taxes	6.20%	6.20%	0.00%
Subtotal – Employer Costs for Current Service	15.19%	23.42%	18.86%
Amortization of Unfunded Retirement Liability	16.30%	21.62%	20.12%
TOTAL – EMPLOYER COSTS	31.49%	45.04%	38.98%

It is important to note that police officers do not pay the employee half of Social Security taxes on their salaries as Fairfax County police officers. The table below provides a comparison between retirement systems of the combined cost of retirement and Social Security to the employee.

Employee Costs of Retirement and Social Security as a Percentage of Pay

	Employees’	Uniformed	Police Officers
Employee Costs:			
Retirement	5.33%	7.08%	8.65%
Social Security Taxes	6.20%	6.20%	0.00%
TOTAL – EMPLOYEE COSTS	11.53%	13.28%	8.65%